

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

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July 29, 2003

FROM: GERRY NEWCOMBE, Deputy Administrative Officer
County Administrative Office

**SUBJECT: REFINANCING OPPORTUNITY REGARDING 1994 AND 1995 MEDICAL
CENTER CERTIFICATES OF PARTICIPATION**

RECOMMENDATION: Direct staff to pursue refinancing the 1994 and 1995 Certificates of Participation issued for the construction of the County Medical Center.

BACKGROUND INFORMATION: The County's general financial advisor, Gardner, Underwood, and Bacon LLC, has identified an opportunity for the County to lower its overall debt service costs by refinancing the 1994 Medical Center COPs. There may also be an opportunity to refinance the 1995 Medical Center COPs, but the market has moved enough in the past few weeks to cause staff to stop consideration of that refinancing at present. However, we are requesting the Board's authority to pursue both, in the event market conditions change in our favor.

Staff will select a financing team consisting of a financial advisor, bond counsel, and disclosure counsel from the Board approved pool. Our plan at this time is to pursue a simple fixed-rate refinancing that should achieve lower debt service costs over the remaining term of the existing COPs. The final structure, authorizing resolutions, and documents will be presented to the Board for approval once the deal is ready to go to market.

REVIEW BY OTHERS: This item has been reviewed by the County Administrative Office (Katrina Turturro, Administrative Analyst and Gerry Newcombe, Deputy Administrative Officer) on July 11, 2003; by County Counsel (Michelle Blakemore, Deputy County Counsel) on July 11, 2003; and was recommended for approval by the Debt Advisory Committee on July 9, 2003.

FINANCIAL IMPACT: This action will have no impact on the general fund. Under current market conditions, which are likely to change before this refinancing is finalized, the estimate of present value savings from the proposed refunding is approximately \$3 million or 5% of the outstanding bonds. Our target for economic refundings is at least 3% of the refunded debt. A revised estimate will be presented to the Board when this refinancing is presented for final approval.

SUPERVISORIAL DISTRICT(S): All

PRESENTER: Gerry Newcombe, Deputy Administrative Officer, 387-9046

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